

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Waltham Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 24, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 each fiscal year. The schedule is effective in FY18 (since the amount under the prior schedule was maintained in FY18) and is acceptable under Chapter 32.

The revised schedule reflects a 7.75% investment return assumption (a reduction from the 8.25% assumption used in the 2015 valuation upon which the prior funding schedule was based) and the adoption of a fully generational mortality assumption. The schedule also reflects the adoption of other demographic assumptions based on a recent experience study performed by your actuary. Although the revised assumptions are less conservative than the current standard PERAC assumptions, which we continue to believe are reasonable, we have not performed a recent experience analysis for local systems to compare our findings with the results of your study.

The valuation uses a salary increase assumption of 3.5%. Only about 10 systems use an assumption of 3.5% or less. We expect that over the longer term, this assumption will need to be increased (and/or the investment return assumption further decreased) which will increase plan liabilities.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



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Appropriation Forecast

Fiscal Year	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Unfunded Liability**	Funded Ratio %**
2018	\$5,471,450	\$2,111,871	\$15,121,773	\$17,233,644	28.0	\$164,108,595	57.7
2019	5,723,841	2,122,580	15,662,420	17,785,000	27.9	161,125,851	59.7
2020	5,987,198	2,131,452	16,203,548	18,335,000	27.8	157,308,266	62.0
2021	6,261,977	2,138,345	16,746,655	18,885,000	27.6	152,679,936	64.3
2022	6,548,657	2,143,109	17,291,891	19,435,000	27.5	147,129,152	66.8
2023	6,847,734	2,145,587	17,839,413	19,985,000	27.3	140,582,212	69.3
2024	7,159,724	2,145,614	18,389,386	20,535,000	27.1	132,959,541	72.0
2025	7,485,164	2,143,014	18,941,986	21,085,000	26.9	124,175,227	74.7
2026	7,824,615	2,137,603	19,497,397	21,635,000	26.7	114,136,515	77.5
2027	8,178,658	2,129,189	20,055,811	22,185,000	26.4	102,743,271	80.4
2028	8,547,899	2,117,567	20,617,433	22,735,000	26.1	89,887,401	83.4
2029	8,932,967	2,102,523	21,182,477	23,285,000	25.9	75,452,223	86.5
2030	9,334,520	2,083,832	21,751,168	23,835,000	25.6	59,311,788	89.8
2031	9,753,238	2,061,258	22,323,742	24,385,000	25.3	41,330,152	93.1
2032	10,189,832	2,034,550	22,172,871	24,207,421	24.3	21,360,593	96.6
2033	10,645,039	2,003,448	0	2,003,448	1.9	0	100.0
2034	11,119,629	1,967,676	0	1,967,676	1.8	(0)	100.0
2035	11,614,400	1,926,946	0	1,926,946	1.7	(0)	100.0
2036	12,020,904	1,994,389	0	1,994,389	1.7	(0)	100.0
2037	12,441,635	2,064,192	0	2,064,192	1.7	(0)	100.0
2038	12,877,093	2,136,439	0	2,136,439	1.7	0	100.0
2039	13,327,791	2,211,215	0	2,211,215	1.7	0	100.0
2040	13,794,264	2,288,607	0	2,288,607	1.7	0	100.0
2041	14,277,063	2,368,708	0	2,368,708	1.7	0	100.0
2042	14,776,760	2,451,613	0	2,451,613	1.7	0	100.0
2043	15,293,947	2,537,420	0	2,537,420	1.7	0	100.0
2044	15,829,235	2,626,229	0	2,626,229	1.7	0	100.0
2045	16,383,258	2,718,147	0	2,718,147	1.7	0	100.0
2046	16,956,672	2,813,282	0	2,813,282	1.7	0	100.0
2047	17,550,155	2,911,747	0	2,911,747	1.7	0	100.0
2048	18,164,411	3,013,658	0	3,013,658	1.7	0	100.0
2049	18,800,165	3,119,136	0	3,119,136	1.7	0	100.0

** Beginning of Fiscal Year